

Remarks at Petrobras Transporte S.A. Facility in Sao Paulo, Brazil
March 9, 2007

Bom dia. Thank you for your hospitality, Mr. President. It's good to be back in your beautiful country. Laura and I really have been looking forward to the trip to Sao Paulo. It's one of the world's great cities. And I have been looking forward to our conversations. You know, Brazil and the United States are the two largest democracies in our hemisphere, and we've got a lot in common, and we've got a lot to do together to improve the lives of millions in our respective countries and, hopefully, in neighboring countries as well.

I find it really interesting that much of our talks on this visit are going to be centered on energy. It's a new kind of energy. I don't think 20 years ago, an American President or a Brazilian President would have thought: Let's see; see if we can find common ground on energy production. And yet, as the President noted, that we had a long discussion in Brasilia about alternative fuels. And now we're at a plant that's actually manufacturing alternative fuels on an economic basis that has got the capacity to change our respective countries in the world. And I, like the President, am very upbeat about the potential of ethanol and biodiesel. And that's why we're here.

I do want to thank Sergio Gabrielli, who is the president of Petrobras, for his hospitality. I appreciate very much your briefing. And I want to thank all the workers here for greeting us. I want to thank the folks from Ford and General Motors who are here. It's nice of them to show up to see the American President. I appreciate your willingness to be innovative and to meet market demands with products that actually matter, and in this case, flex-fuel vehicles.

People have wondered why the President of the United States would be so interested in diversification of our energy supply, and here are the reasons. One, if you're dependent upon oil from overseas, you have

a national security issue. In other words, dependency upon energy from somewhere else means that you're dependent upon the decisions from somewhere else. And so as we diversify away from the use of gasoline by using ethanol, we're really diversifying away from oil.

Secondly, dependency upon oil creates an economic problem for not only the United States but anybody else who imports oil. In a globalized world, if the demand for oil goes up in China or India, it runs up the price of gasoline in our respective countries. And therefore, diversification away from oil product is in the economic interests of our respective countries.

And finally, as the President noted, it is—we all feel incumbent to be good stewards of the environment. And it just so happens that ethanol and biodiesel will help improve the quality of the environment in our respective countries.

And so I'm very much in favor of promoting the technologies that will enable ethanol and biodiesel to remain competitive and, therefore, affordable to the people in our respective countries and around our neighborhoods.

One of the things I like, as the President noted, is that a good ethanol policy and good alternative fuel policy actually leads to more jobs, not less. In other words, at this plant, there are jobs. But as the President noted, when you're growing your way out of dependence on oil, you're dependent upon people who work the land. And the distribution of wealth, the distribution of opportunity to farmers, particularly the smaller farmers in our respective countries, will enable the economy to be more on firm foundation.

And so, Mr. President, your vision is absolutely correct. I appreciate so very much

the fact that here you—much of your energy is driven by sugarcane. It frankly gives Brazil a tremendous advantage in the world markets. Sugarcane is by far the most efficient raw material for the production of ethanol. The President has wisely invested in technologies that will increase your yields per acre, and that makes a lot of sense. In America, we've got a little different issue: we don't have a lot of sugarcane. And so our stock material, our base material for ethanol thus far, has been corn.

I appreciate very much the innovation that's taking place here in Brazil. I mean, if you're the leader in ethanol, I believe you'll continue to come up with technologies that should be available for others. Your H-BIO process for refining biodiesel from soy and other agricultural products is such an example. In other words, you'll be able to use regular refinery as a result of the technological developments that you've done here. And that makes a lot of sense. And I congratulate you, Mr. President, and, Petrobras, for staying on the leading edge of technological change.

A lot of people wonder whether or not it makes sense to develop an alternative-fuel infrastructure if the automobile doesn't stay up with it. Well, most people in America don't know that there are millions of flex-fuel vehicles on our street today; just people don't know it. In other words, we have now got the capacity to manufacture automobiles in a way that meets the demands for ethanol. Flex-fuel means you can either use gasoline or alternative fuels—your choice. And in America, we are—that technology is available. So my fellow citizens shouldn't fear the development of an alternative source of energy industry because the consumer has got the capacity to buy an automobile that will meet those new productions.

I'm very optimistic that America can benefit from alternative energy sources, so optimistic that I laid out an ambitious goal for our country, and that is to reduce gasoline consumption by 20 percent over 10

years. In other words, we have a mandated fuel standard of 35 billion gallons of alternative fuels to be used by 2017. That is now seven times more the amount of alternative fuels we're using. Right now we're using about 5 billion gallons of ethanol. I believe that the technologies will be such that America will be consuming 35 billion gallons of alternative fuels. And that's important for our country. It is a commitment to becoming less dependent on oil, and it's a commitment to be better stewards of the environment.

In my budget, Mr. President, I proposed to Congress that we invest \$1.6 billion over 10 years on additional research to make sure that we can have alternative fuel stocks to make ethanol. Just so you know, in the last years—so long as I've been the President—we spent about \$12 billion on new technologies that will enable us to achieve economic independence, as well as be better stewards of the environment.

There's a lot we can do together. I appreciate so very much the idea of Brazil and America sharing research and development opportunities. You've got great scientists; we've got great scientists. It makes sense for us to collaborate for the good of mankind. And part of our initiative is that we are going to work together efficiently and to cooperate on research and development.

I also think the President's idea of helping others realize the benefits of alternative fuels makes a lot of sense. And so we applaud the Inter-America Development Bank, its efforts to try to get loans and capital into countries that could benefit from alternative sources of energy. I'm particularly anxious to work with the President on helping Central America become less dependent on oil, become energy self-sufficient. It's in the interest of the United States that there be a prosperous neighborhood. And one way to help spread prosperity in Central America is for them to become energy producers, not become—

not remain dependent on others for their energy sources.

And finally, the President mentioned the fact that at the United Nations, there was a International Biofuels Forum. What he didn't tell you: it was his idea. And I applaud the fact, Mr. President, that you put that idea out. It makes a lot of sense for countries like China and India to understand the potentials of alternative sources of energy. And I believe that Brazil and the United States has got the capacity to help lead the way toward that better day.

So, Mr. President, it has been a great first meeting here. I appreciate the fact that you're about to buy me lunch. I'm kind of hungry. [*Laughter*] Looking forward to eating some of that good Brazilian food.

But in the meantime, I hope the citizens of Brazil, like the citizens of the United States, are as optimistic about the future as these two Presidents are. And one reason we're optimistic is because we see the bright and real potential for our citizens being able to use alternative sources of energy that will promote the common good.

So, Mr. President, thank you for having me.

NOTE: The President spoke at 11:22 a.m. The transcript released by the Office of the Press Secretary also included the remarks of President Luiz Inacio Lula da Silva of Brazil. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

The President's News Conference With President Luiz Inacio Lula da Silva of Brazil in Sao Paulo

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President Lula da Silva. There's more journalists here than at the Oscar—[*laughter*—although the artists aren't quite as good looking as the ones that get Oscars.

Your Excellency, Mr. George Bush, President of the United States of America; the members of the North American and Brazilian delegations; Governor of Sao Paulo, Jose Serra; our dear president of Petrobras, Mr. Gabrielli; ministers; journalists; my friends; ladies and gentlemen:

This second visit by President Bush to Brazil in little more than 1 year is another step in intensifying dialog between our Governments and our countries. This is a dialog which began even before I took office, when President Bush received me in a visit in December 2002 at the White House. During the frequent meetings and phone calls we have had since then, our relations have always been characterized by extreme frankness, mutual respect, and a constructive spirit.

Our societies are multiethnic. Many cultures and ideas live together within them. They were founded on the principles of pluralism, tolerance, and respect for diversity. The fact that our Governments respect each other, mutually, explains the excellent moment that relations between Brazil and the United States are going through. It also reveals the great potential for cooperation between our countries, if we are able to continue building common objectives.

This has been the basis of the conversations we held today, when we went over our broad bilateral agenda and evaluated how we could best work on regional and multilateral issues. The relationship between Brazil and the U.S. historically has gone beyond individual governments at the head of either of our countries. One proof of this is the broad range of relations amongst business leaders, representatives of civil society, and the citizens of our two countries.